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The American Railroad Problem. By I. LEO SHARFMAN. New York, N.Y.: Century Co., 1921. Pp. xiii+474. \$3.00.

It has been evident for some time that the character of the "railroad problem" from the point of view of public interest has been revolutionized within the last ten years. The problems of constant and variable costs in relation to "charging what the traffic will bear" and to the whole problem of discrimination—these were live public issues a generation ago and formed the center of interest in most academic analyses of transportation. They are probably no less important today, but they have been relegated to the realm of administrative problems and intrusted to the Interstate Commerce Commission and its staff of examiners.

In their place other problems have come into the foreground: the problem of valuation and fair profits, of securing adequate capital and adequate service under regulated returns, of maintaining the traditional advantages of private enterprise under minute public supervision, the merits of government ownership and operation, the establishing of a *modus vivendi* with nationally organized labor in an industry where continuous operation is a vital public necessity, and a host of lesser matters. The result is that the academic texts and treatises are all obsolete, at least in arrangement and emphasis, and any attempt to tack new material on at the tail end of the customary subject-matter would be a makeshift, overburdening the work without restoring things to their proper place and proportion.

There is thus a wide gap created into which Professor Sharfman steps with a treatise that takes the situation of 1914 as its point of departure as it engages the public mind today. Part I takes us from 1914 through the period of federal control, Part II deals with "The Essentials of Reconstructive Policy," and Part III takes up the Act of 1920 and the first year's experience under it. Part II devotes one chapter to "Railroad Nationalization," one to "Unity of Operation and Railroad Service," one to "Rates, Credit and Financial Return," and one to "Railroad Labor and Continuity of Operation." Into these four chapters, totaling 160 pages, the author's study of the principles of transportation is condensed. The customary discussion of competition, constant and variable costs, and charging what the traffic will bear is brought in as part of the discussion of unity of operation. Perhaps it is only one reader's bias, but this dignified body of theory appeared somewhat cramped and constrained in its position of unwonted subordination.

One reading this part of the book gets the impression that the discussion of general principles, with or without the author's design, plays up to the Act of 1920, so that at times it seems as if the author included only those principles which that act embodies, and thus were preparing the reader to accept that act as the final word. This is not quite just, however, for he advocates regional commissions, compulsory consolidations, representation of labor in management, and actual investment as the measure of all future additions to railroad properties for purposes of calculating the value entitled to a return. He also shows a sympathetic leaning toward public ownership but does not allow it to color the book beyond making the reader a trifle doubtful, when the pros and cons of public ownership are discussed, as to how much is impartial statement and how much is Mr. Sharfman's own opinion. He presents arguments on both sides, some of them rather unconvincing, without telling us what he himself thinks of them.

The book stops short of covering some questions of more or less importance. Federal control of capitalization is proved necessary, but the rules it should follow are not discussed. The attempt to compare the efficiency of American and European roads is abandoned after noting the factors that confuse the story as told in the operating statistics. The question of seasonal rates to promote steady movement of basic commodities is not discussed, nor where the burden of inflated costs of replacement should fall in a time of price revolution. The book is neither exhaustive in scope nor profound and searching in analysis; however, it aims at a readable, not too technical discussion of the most general matters of public interest, and in this it is distinctly successful. It is well written, as well as timely, and strikes a sane balance between the various conflicting interests.

J. M. CLARK

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